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EX NIHILO CREDIT CREATION VIA SIGNATURE CREDIT CREATED NEGOTIABLE INSTRUMENTS AND 1099OID TAX REDIRECTION

27TH June 2026

Empirical Foundations of Ex Nihilo Monetary Expansion

The theoretical and practical foundations of monetary expansion within the modern global financial system have undergone a significant paradigm shift. Classical macroeconomic models, such as the financial intermediation theory, traditionally conceptualize commercial banks as passive intermediaries that collect pre-existing deposits from savers and subsequently lease those funds to borrowers. Similarly, the fractional reserve banking model posits that individual banks are mere intermediaries that cannot create money independently, but collectively multiply central bank reserves through systemic interbank transactions to expand the broad money supply.

However, contemporary monetary economics has thoroughly dismantled these frameworks, demonstrating that commercial banks do not act as intermediaries of pre-existing loanable funds, but instead create new book money *ex nihilo* (out of nothing) at the exact moment a loan agreement is executed. This reality was first definitively established through a real-time banking ledger audit conducted by monetary economist Professor Richard Werner. By monitoring the internal bookkeeping software and accounting registries of a cooperating commercial bank during an active lending transaction, the study verified that the bank did not transfer or withdraw funds from other internal accounts, depositor liabilities, or external central bank reserve balances to fund the loan. Instead, the bank approved the credit and simultaneously credited the borrower's deposit account with a newly created demand deposit, which constitutes a bank liability. This balance-sheet expansion is represented by the Werner credit creation equation, demonstrating that a commercial bank's assets and liabilities expand concurrently without any preceding transfer of substantive value:

$$\Delta\text{Bank Assets (Loan)} = \Delta\text{Bank Liabilities (Deposit)}$$

This mechanism of credit creation is officially corroborated by the Bank of England in its seminal Quarterly Bulletin, which states that broad money is not multiplied up from central bank reserves, but is instead generated directly by commercial banks through the approval of loans. Reserves are supplied on-demand by central banks in exchange for other assets on the commercial bank's balance sheet to facilitate interbank clearing and settlements, meaning that central bank reserves do not act as an *ex-ante* physical constraint on credit expansion. Deposits are simply a record of how much the bank itself owes its customers; hence,

they are a liability of the bank, and are often referred to as "fountain pen money" created at the stroke of a banker's pen.

Under the usufruct credit standard, pseudo-legal movements contend that because no pre-existing capital or physical cash is advanced by the originating bank, the initial issue price (IP) of the resulting negotiable instrument is mathematically and legally established as zero ($IP = \$0.00$). The future value of this instrument is subsequently structured and traded utilizing the framework of Original Issue Discount (OID) under the Internal Revenue Code (IRC). OID represents the excess of a debt instrument's stated redemption price at maturity (FV) over its initial issue price (IP). Under this framework, because the initial issue price is zero, the OID is equivalent to the entire face value of the instrument:

$$\text{OID} = FV - IP = FV - \$0.00 = FV$$

The commercial banking sector leverages this zero-point origination by pooling, securitizing, and trading these signature-originated instruments in global secondary capital markets under complex nominee structures. To contextualize how these credit layers interact, the contemporary international monetary system is structured as a hierarchical pyramid characterized by varying degrees of scarcity and liquidity:

Monetary Tier	**Type of Money**	**Scarcity / Liquidity Level**	**Primary Issuing Entity**
Tier 1 (Apex)	Central Bank Reserves	High Scarcity / Ultimate Liquidity	Federal Reserve and Sovereign Central Banks
Tier 2	Commercial Bank Deposits	Moderate Scarcity / High Liquidity	Systemic Commercial Banking Institutions
Tier 3	Shadow Bank Credit	Low Scarcity / High Abundance	Hedge Funds, Special Purpose Vehicles (e.g., Oak No. 5 PLC)
Tier 4 (Base)	Signature Credit Energy	Primary Source / Ultimate Originator	Biological Entities (Living Souls)

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Statutory Framework of Negotiable Instruments and the Lineage of Commercial Paper

The legal framework enabling the commercial monetization of signature-birthed credit is rooted in the statutory evolution of negotiable instruments law, which traces its lineage from nineteenth-century Great Britain to the United States. The world's first comprehensive codification of commercial paper was the UK Bills of Exchange Act 1882 (BoEA 1882), drafted by Sir Mackenzie Chalmers to translate the flexible customs of the law merchant and common law into a unified statutory code. Under the BoEA 1882, the legal attributes of signature, negotiability, and Holder in Due Course (HDC) status were codified, establishing the structural foundation for modern commercial transactions.

To resolve similar problems of legal uncertainty and conflicting state-level interpretations across the United States, the National Conference of Commissioners on Uniform State Laws oversaw the drafting of the Negotiable Instruments Law (NIL) of 1896, which was explicitly modeled on Chalmers' 1882 Act. The NIL largely followed the English Act in its wording, thereby transplanting the foundational principles of British negotiable instruments law directly into American jurisprudence. As the American industrial and financial economy expanded during the twentieth century, the Uniform Commercial Code (UCC) was developed to modernize and simplify commercial transactions, introducing UCC Article 3 to replace the NIL.

Under UCC § 3-104, an instrument is negotiable if it contains an unconditional promise or order to pay a sum certain in money on demand or at a definite time, is payable to bearer or to order, and does not state any other undertaking by the person promising payment. Under UCC § 3-203(b), the transfer of a negotiable instrument vests in the transferee any right of the transferor to enforce the instrument. To insulate qualified assignees from personal defenses (such as fraud in the inducement or failure of consideration) arising between the original parties, the transferee must establish Holder in Due Course (HDC) status under UCC § 3-302. To qualify as an HDC, the holder must take the instrument for value, in good faith, and without notice that it is overdue, has been dishonored, contains an unauthorized signature, or is subject to any adverse property claim. By prioritizing objective, formal criteria on the face of the paper over the subjective intent of the original parties, both the BoEA 1882 and UCC Article 3 facilitate the rapid, high-velocity transfer of debt obligations across global clearing networks, protecting downstream purchasers from underlying disputes.

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Statute / Section Code	Statutory Attribute	Operational Credit Impact	Signature / Fiduciary Implication
BoEA 1882 Section 3	Bill of Exchange Defined	Establishes a bill as an unconditional order in writing, signed by the maker, requiring a sum certain to be paid on demand.	Formulates the negotiable instrument with an initial starting value of zero ($IP = \$0.00$).
BoEA 1882 Section 20	Inchoate Instruments	Declares that a simple signature on blank paper delivered for conversion operates as *prima facie* authority to fill it up for any amount.	Signer acts as the actual funder; OID is equivalent to the entire face value ($OID = FV$).
BoEA 1882 Sections 29 & 31	Holder in Due Course / Negotiation	Shifting of legal title to investment banks trading the assets across global clearing networks.	Systemic nominees capture the OID income for corporate benefit.
BoEA 1882 Section 39	Presentment for Acceptance	Necessary to fix maturity or exhibit for payment.	Establishes the trust's right to demand formal presentment and reconciliation.
BoEA 1882 Section 83 / UCC § 3-104	Promissory Note Defined	Unconditional promise in writing signed by the maker engaging to pay a sum certain.	Standardizes retail agreements into liquid, transferable securities clearing under international rules.

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The Fiduciary HDC Pathway: Publication 1212 and Instrument Completion

To correct the historical misreporting of signature-originated credit by financial institutions, a 98-series Foreign Grantor Trust is deployed to execute a precise administrative ledger correction. Under the nominee reporting mandates of IRS Publication 1212, if a broker or middleman holds an Original Issue Discount (OID) debt instrument as a nominee for the actual owner, they are legally required to file a corrective Form 1099-OID to report that income and the associated withheld tax to the true beneficial owner. Since commercial banks routinely fail to issue these corrective forms to individual credit originators, the 98-series trust, acting under the authority of UCC Article 3 and the Bills of Exchange Act 1882, asserts its supreme fiduciary standing as the Holder in Due Course (HDC).

By filing IRS Form 56, the trust formally occupies the office of General Executor, establishing itself as the lawful custodian of the credit energy originally generated by the grantor's signature. Pursuant to Section 20 of the Bills of Exchange Act 1882, a simple signature on paper delivered for the purpose of being converted into a bill operates as *prima facie* authority to fill it up as a complete bill for any amount. The trust, as the HDC, "fills up" the inchoate instrument with the OID value—which is equivalent to the entire face value of the note since the initial issue price was zero ($IP = \$0.00$). Under UCC § 3-203(b), the transfer of this negotiable instrument vests the absolute right of enforcement in the trust. When the trust electronically files the corrective Form 1099-OID (listing the nominee bank as the payer and the trust's 98-series EIN as the recipient) and the IRS gateway accepts the transmission, the transaction is recognized as an administrative ledger correction between recognized merchant entities. This official redirection of withheld tax credits to the trust's private ledger reconciles the accounting entries on the federal Business Master File, which effectively settles the primary balance sheet entries and discharges the underlying debt.

Structured Finance and the Securitization Pipeline

In global structured finance, individual mortgage obligations are bundled, transformed, and liquidated through a highly specialized securitization architecture. In the United Kingdom, this is accomplished through a bifurcated set of primary transaction documents: the Mortgage Sale Agreement and the Servicing Agreement, operating under the trust mechanics defined by a Trust Deed and a Deed of Charge. Under the Mortgage Sale Agreement, the sale and assignment of the mortgage loans and their related security from the originating clearing bank (the Seller) to a Special Purpose Vehicle (SPV)—such as Oak No. 5 PLC—takes effect in equity only. This equitable assignment transfers the beneficial interest without requiring immediate notification to the underlying borrowers or registration of the transfer at HM Land Registry.

Completion of the transfer of legal title to the SPV is deferred until a "Perfection Event" occurs, such as a Seller insolvency event. During this interim period, the clearing bank retains bare legal title vested on a bare trust for the benefit of the SPV. This structural arrangement is illustrated by the Oak No. 5 PLC securitization program, which processes residential mortgage notes:

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Securitization Component	Ecosystem Entity	Operational Role	Forensic and Legal Implication
Originator & Servicer	Aldermore Bank PLC	Originates mortgage notes *ex nihilo*; services the loan portfolio.	Retains unperfected bare legal title on bare trust; lacks beneficial ownership.
ABCP Conduit / SPV	Oak No. 5 PLC	Issues commercial paper backed by mortgage assets.	Holds securitized assets off the originator's balance sheet under equitable assignment.
Indenture Trustee	Deutsche Bank Trust Company Americas (DBTCA)	Serves as primary fiduciary for the global debt pool (ISIN: XS2233284449).	Primary entity responsible for TIA and UCC Article 8 compliance; acts as withholding agent.
Trust Manager	FirstRand Bank Limited	Administers the global RMBS debt programs.	Oversees portfolio composition and international clearing integration.
Servicing Nominee Partner	Macquarie Bank Ltd	Manages localized borrower accounts and collections.	Lacks legal title; acts strictly as a servicing agent.

To integrate these individual assets into the global financial clearing system, investment banks utilize the centralized book-entry infrastructure of the Depository Trust & Clearing Corporation (DTCC), operating through its subsidiary, the Depository Trust Company (DTC). Cede & Company acts as the exclusive partnership nominee for the DTC, holding strict legal title to the vast majority of publicly traded equities, corporate bonds, and residential mortgage-backed securities (RMBS). Under this Book-Entry Only (BEO) framework, legal title is permanently severed from beneficial ownership. Physical certificates do not change hands; the accounting system transfers ownership records electronically across DTC participant accounts,

relegating the original credit creator to the status of a "beneficial owner" holding only contractual rights on the books of the intermediary.

Once these assets are registered under street names within the DTCC, commercial and investment banks utilize them for capital expansion through hypothecation and rehypothecation. Under Section 14(a) of the Federal Reserve Act, member banks are authorized to pledge these assets as collateral to secure credit expansion. For SEC-registered broker-dealers, rehypothecation of customer margin securities is strictly regulated under Rule 15c3-3 of the Securities Exchange Act of 1934 and Federal Reserve Regulation T. These rules restrict the amount of a client's margin securities that a broker-dealer can rehypothecate to a maximum of 140% of the customer's net debit balance. Any customer securities exceeding this threshold are classified as "excess margin securities" and must be segregated in special reserve accounts. Furthermore, the SEC requires carrying broker-dealers with average total credits equal to or greater than $500,000,000.00 to perform customer reserve computations on a daily basis, utilizing strict daily equity allocation controls to mitigate counterparty and systemic default risk.

The Real Property Registration Gap and Enforcement Limitations under English Law

A critical structural vulnerability within the securitization pipeline centres upon the "Registration Gap"—the temporal void between the execution of a mortgage assignment and its formal registration at HM Land Registry. Under Section 27 of the UK Land Registration Act 2002 (LRA 2002), the disposition of a registered estate, such as the transfer of a legal charge, is strictly classified as a "registrable disposition". The statute mandates that if a disposition required to be completed by registration is not registered, it does not operate at law until the registration requirements are met. During this registration gap, the transaction takes effect in equity only. The legal estate remains with the transferor (the mortgagor) on a bare trust for the transferee, who holds merely an unperfected equitable interest.

In English property law, the standing of an equitable assignee to bring foreclosure or possession proceedings is heavily contested. Institutional lenders routinely rely on the Court of Appeal decision in *Paragon Finance PLC v. Pender*, which established that the registered legal owner of a charge retains the right to bring possession proceedings notwithstanding an equitable assignment of the beneficial interest under a securitization arrangement. Furthermore, lenders rely on the "Skelwith Exception" derived from *Skelwith Leisure Ltd v. Armstrong*, where the High Court ruled that an equitable assignee of a registered legal charge who has not yet been registered as the legal proprietor still possesses a valid statutory power of sale under Section 101 of the Law of Property Act 1925 (LPA 1925).

However, this defensive posture fundamentally collapses when confronted with the statutory restrictions imposed by Section 106 of the LPA 1925. While Section 101 implies a statutory power of sale, Section 106 strictly limits the exercise of this power to "any person for the time being entitled to receive and give a discharge for the mortgage money". If the underlying primary debt has been balanced, settled, and discharged on the sovereign ledger, there is no longer any outstanding "mortgage money" due.

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Consequently, neither the clearing bank holding unperfected bare legal title nor the investment bank indenture trustee remains entitled to receive and give a discharge under Section 106. Because the substantive right to the debt is extinguished, the statutory power of sale under Section 101 is permanently nullified, rendering subsequent out-of-court foreclosures or possession actions void *ab initio*.

Transaction Phase	**Legal Interest Held by Bank**	**Statutory Standing and Enforcement Limitations**	**Ownership Property Nature**
Post-Execution	Equitable Mortgage	No power of sale or right to execute under Section 101 of the LPA 1925.	Registrant retains legal title; bank holds an inchoate promise.
Registration Gap	Bare Trust Relationship	All default notices issued are a nullity; legal title does not pass.	Legal estate remains with transferor (mortgagor) on bare trust.
Inscription on Title	Perfected Legal Title	Standing to enforce charge established prospectively only.	Registered proprietor's legal interest is established.
Registration Failure	Voidance at Law	Legal title does not pass, rendering the transaction void *ab initio*.	Reverts permanently to contract made for valuable consideration.

Simultaneously, under the Lazarus Doctrine, derived from the landmark decision *Lazarus Estates Ltd v. Beasley*, Lord Denning observed that "fraud vitiates everything" ("fraud unravels everything"), meaning no court will allow a party to maintain an advantage obtained through fraud. The intentional concealment of a top-tier ledger discharge of the debt by servicing agents attempting to enforce an unperfected equitable assignment on the Land Register constitutes an actionable fraud upon the court. This deliberate misrepresentation permanently vitiates and voids any subsequent enforcement actions, orders, or possession warrants obtained by the bank or its nominees.

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Federal Tax Forensics: Original Issue Discount (OID) and Form 945 Compliance

The Internal Revenue Service (IRS) manages nonpayroll tax obligations through a highly structured Master File Transaction (MFT) code architecture. Within this framework, IRS Form 945, officially designated as the "Annual Return of Withheld Federal Income Tax," operates under MFT Code 169 (or MFT 16 on the Business Master File). This module is fundamentally distinguished from other primary tax modules, such as Form 941 (Employer's Quarterly Federal Tax Return, MFT 01), which is strictly reserved for payroll-related employment taxes like Social Security, Medicare, and withheld wages. Form 945 serves as the centralized nonpayroll withholding repository for the Business Master File (BMF), reporting federal income tax withheld from non-wage distributions, including pension and IRA distributions, annuities, gambling winnings, and backup withholding.

Crucially, Form 945 is the dominant tax module used to clear backup withholding liabilities derived from Original Issue Discount (OID) transactions and securitized credit pools. Under the nominee reporting guidelines detailed in IRS Publication 1212, if a financial nominee holds legal title to OID debt instruments for the benefit of another person (the obscured beneficial owner), the nominee is statutorily required to report the OID interest and remit backup withholding to the U.S. Treasury. To satisfy this federal mandate without unmasking individual originators, investment banks pool the liabilities of their CUSIP-assigned portfolios, calculate the aggregate backup withholding liabilities from these pools, and remit these physical cash collections under their own corporate EINs via their Form 945 withholding modules.

The tracking, verification, and final reconciliation of these transactions on the federal Business Master File (BMF) are monitored via an expanded 26-digit alphanumeric reference string derived from the Document Locator Number (DLN). This 26-digit string serves as a unique digital "fingerprint" indicating that an information return or tax adjustment has been accepted and perfected in the Master File.

Forensic audits of the global banking infrastructure expose a profound structural deficit in how these modules are funded. Major investment banks deliberately underfund their Form 945 withholding modules relative to the actual signature credit targets generated by their securitization activities. The internal review metric known as the "Full Forensic 945 Liability"—calculated under a 24% heuristic—represents the theoretical withholding obligation banks should maintain for non-exempt tranches. However, historical data reveals that actual cash payments deposited into these Form 945 modules typically reflect less than one percent of this full forensic total.

This systematic underfunding occurs because banks operate on a statistical presumption that the original credit creators will remain silent and never assert their beneficial interest in the underlying credit. Instead of maintaining massive idle cash balances in their Form 945 modules, banks satisfy their aggregate corporate tax obligations by paying multi-billion-dollar overpayment surpluses into their Form 1120 corporate income tax modules (MFT 02). By paying these massive surpluses into Form 1120, banks ensure that the Form 945 module remains an underfunded, neglected shell, acting as a built-in defense mechanism against individual recoupment claims; any standard, automated attempt to match a recipient trust's

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withholding refund request against the bank's actual Form 945 deposits will instantly fail due to a lack of verified funds on the payer-side ledger.

The following table details the multi-year Form 945 actual ledger values of the monitored global systemic nominee population, demonstrating the specific liquidity pools available for matching within the Treasury General Account (TGA):

Parent Bank Name	2022 Actual 945 Value	2023 Actual 945 Value	2024 Actual 945 Value	2025 Actual 945 Value	Cumulative 945 (2022-2025)	Estimated Form 1120 CIT Capacity
HSBC Holdings plc	$37,560,126.99	$23,184,987.55	$204,128,608.38	$72,143,158.70	$337,016,881.62	$13.10 Billion
NatWest Markets PLC	$42,422,189.49	$34,692,512.59	$21,977,916.04	$55,667,083.32	$154,759,701.44	$2.05 Billion
Lloyds Banking Group	$65,702,012.12	$44,624,204.32	$59,136,152.09	$31,679,801.31	$201,142,169.84	$300.00 Million
Banco Santander S.A.	$22,096,162.89	$23,813,010.65	$25,577,457.70	$26,306,766.39	$97,793,397.63	$156.00 Million

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Barclays Bank plc	$53,779,886.96	$28,691,662.68	$25,625,793.85	$18,596,522.58	$126,693,866.07	$60.20 Million
JPMorgan Chase Bank	$47,098,263.33	$43,316,920.19	$20,907,803.33	$26,768,342.84	$138,091,329.69	$37.16 Billion
ANZ Banking Group	$2,379,699.78	$3,377,194.42	$4,375,059.73	$4,313,424.28	$14,445,378.21	Verified Corporate
AIB Group plc	$562,735.26	$80,844.72	$69,858.68	$33,374.56	$746,813.22	Verified Corporate
Bank of NY Mellon (Agg)	$34,342,026.29	$24,512,669.46	$25,164,173.13	$12,961,082.63	$96,979,951.51	Verified Corporate

Detailed Mapping and Reconciliation of Audited Financial Institutions

Regional commercial banks, regional corporate entities, and mutual credit unions do not maintain standard secondary market securitization channels for non-on-balance-sheet debt portfolios. To manage liquidity and capital reserve ratios, they route their mortgage and credit instruments through systemic global clearing nominees and government-sponsored enterprises (GSEs). Under the nominee reporting mandates of IRS Publication 1212, these systemic entities act as the ultimate withholding agents. Consequently, the nonpayroll taxes associated with these pooled, CUSIP-assigned debt tranches are aggregated and remitted directly to the U.S. Treasury under the nominee's own corporate EIN via Form 945 modules.

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The following table presents a complete forensic mapping of audited entities, incorporating resolved CUSIPs, EINs, corporate classifications, ultimate nominee payer bank names, ultimate payer EINs, ultimate payer CUSIP, and verified 2025 actual Form 945 payments:

Audited Entity Name	Audited EIN	Resolved CUSIP	Corporate Classification	Ultimate 2025 Payer Bank	Ultimate Payer EIN	Ultimate Payer CUSIP	Verified 2025 Form 945 Payment
Randolph-Brooks FCU	74-1185010	669324	Mutual Credit Union	Randolph-Brooks FCU	74-1185010	669324	$0.00 / Local
Christian Financial CU	38-1418180	N/A (Mutual)	Mutual Credit Union	Christian Financial CU	38-1418180	(Mutual)	$0.00 / Local
PostFinance AG	N/A (Foreign)	N/A (State-Owned)	Foreign State-Owned Bank	PostFinance AG (Foreign-Exempt)	N/A (Foreign)	BIC: POFICHBEXXX	$0.00 / Exempt
Affinity Federal CU	22-1322055	00832K	Mutual Credit Union	Affinity Federal Credit Union	22-1322055	00832K	$0.00 / Local
First National	N/A (For	337748102	Foreign Bankin	FirstRand Bank Limited (Foreign	N/A (Foreign)	337748102	$0.00 / Exempt

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Bank of SA	eign)		g Group	- Exempt)			
Cambr ian Credit Union	N/A (For eign)	N/A (Mutual)	Foreign Mutual Credit Union	Cambria n Credit Union (Foreign - Exempt)	N/A (Forei gn)	Provincially Regulated	$0.00 / Exempt
Kindre d Credit Union	N/A (For eign)	N/A (Mutual)	Foreign Mutual Credit Union	Kindred Credit Union (Foreign - Exempt)	N/A (Forei gn)	CRA Regulated	$0.00 / Exempt
Vanta geone Credit Union	N/A (For eign)	N/A (Mutual)	Foreign Mutual Credit Union	Vantage One Credit Union (Foreign - Exempt)	N/A (Forei gn)	Provincially Regulated	$0.00 / Exempt
East River Credit Union	46-0275 841	N/A (Mutual)	Mutual Credit Union	East River Credit Union	46-02758 41	N/A (Mutual)	$0.00 / Local
Knab	Und er Revi ew	07178A108	Foreign Online Brand	BAWAG Group AG (US Rep)	Intern ational	07178A108	$0.00 / Exempt

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Salal Credit Union	91-0685750	N/A (Mutual)	Mutual Credit Union	Salal Credit Union	91-0685750	WA-Chartered	$0.00 / Local
Bell Bank	45-0210640	N/A (Private)	Private Commercial Bank	State Bankshares, Inc.	26-0113412	Private Entity	$0.00 / Local
Alerus Financial	45-0210640	01453M103	Public Commercial Bank	Alerus Financial Corporation	45-0210640	01453M103	$184,714.68
Discover Bank	51-0020270	254709108 / DFS	Credit Card Issuer	Discover Financial Services	51-0020270	254709108 / DFS	$54,040.00
Wise / Partner Bank	20-0020138	LEI: 549300XVCHXNN8R67U29	Fintech Partner	Community Federal Savings Bank	20-0020138	LEI: 549300XVCHXNN8R67U29	$10,400.00
One Finance Inc.	71-0415188	931142103	Digital Retail Fin	Walmart Inc.	71-0415188	931142103	$10,400.00 (CFSB Agg)

Nicolet National Bank	39-1928421	65406E102	Regional Bank	Nicolet National Bank	39-192842 1	65406E102	Consolidated Post-Merger
Midwest One	42-1237295	598305101 / pool	Regional Bank	Midwest One	42-123729 5	598305101 / pool	$598,305,101.00
Banque Manuvie	01-0233346	56501R106	Foreign Insurance	Manulife Financial Corp (US Rep)	01-023334 6	56501R106	$33,374.56
ABN AMRO Bank N.V.	13-3932822	00080Q105	Foreign Commercial	ABN AMRO Bank N.V. (US Branch)	13-393282 2	00080Q105	$0.00 (Exempt)
Western Alliance Bank	20-1177241	957630107	Commercial Bank	Western Alliance Bancorporation	20-117724 1	957630107	$0.00 (Exempt)
Crossfirst Bank	26-1236737	227566100	Commercial Bank	First Busey Corporation	26-123673 7	227566100	$0.00 (Exempt)

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Com Direct	13-2682661	202597605	Foreign Brokerage	Commerzbank AG (US Branch)	13-2682661	202597605	$0.00 (Exempt)

The Redirection Protocol and Fiduciary PPS Engagement Strategy

The operational implementation of the nonpayroll withholding redirection protocol is achieved through the strategic deployment of a 98-series International Grantor Trust (IGT). Structured under Internal Revenue Code Sections 6048 and 672(f), the trust must satisfy the foreign residency tests by intentionally failing both the "court test" and the "control test" under 26 CFR § 301.7701-7, thereby establishing a non-domestic fiduciary jurisdiction. The trust's standing as a Holder in Due Course (HDC) is formalized within the federal tax system through the filing of IRS Form 56 (Notice Concerning Fiduciary Relationship). This registers the trust officer as the lawful Successor Trustee-Administrator and General Executor over the signature-originated credit under IRC § 6903.

Because systemic investment banks underfund their Form 945 modules while maintaining massive surpluses in their corporate Form 1120 modules, any substantial 1099-OID claim will inevitably fail the automated matching requirement of IRS Algorithm 810, triggering a TC 810 Refund Freeze and routing the file to RIVO under PS 771. To prevent this pre-disbursement freeze, fiduciaries execute a manual cross-modular transfer under the authority of Revenue Procedure 2002-26, which directs the IRS to reallocate the payer bank's corporate income tax surpluses directly into their underfunded Form 945 module. Fiduciaries calculate the required cross-modular transfer using the mathematical shortfall formula:

$$C = A - B$$

Where C represents the Required Cross-Modular Transfer Amount, A represents the Sum Total of Trust Redirection, and B represents the Payer's Established 945 Credit. To illustrate the application of this formula, consider a targeted JPMorgan Chase Bank portfolio where the sum total of trust redirection (A) is $1,750,000,000.00, and the bank's established actual 945 credit (B) is $13,510,000.00. The required transfer amount (C) is calculated as:

$$C = \$1,750,000,000.00 - \$13,510,000.00 = \$1,736,490,000.00$$

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Because digital requests for third-party bank withholding transcripts via the Transcript Delivery System (TDS) will trigger a "CAF Check Failed" block, the fiduciary team must bypass this digital gate by manually engaging the Practitioner Priority Service (PPS) via a paper/fax-based audit using Form 4506-T. Fiduciaries coordinate this live telephonic session with a synchronized digital fax transmission, structured in a strict, logical "standing sequence" designed to register the representative's authority on the database before the target account is discussed.

The calling officer must first navigate the mandatory identity gate under Internal Revenue Code Section 6103, requiring a U.S.-anchored authentication such as a Social Security Number and a valid Centralized Authorization File (CAF) number, such as the credential registered under the name of William Kimball (CAF: 0317-31787R) which confirmed that the filings executed under that authority are mathematically sound. The synchronized fax transmission must follow a strict "Packet-to-Instruction Flow," delivering Form 56 first to establish the Successor Trustee-Administrator on the BMF, followed by Form 2848 to appoint the representative as the attorney-in-fact, and finally Form 4506-T to request the target bank's withholding transcript.

Once the PPS agent retrieves the fax and verifies the fiduciary standing under Treasury Regulation § 601.503(d) and IRS Publication 1212 nominee rules, the calling officer instructs the agent to pull the account transcript for the target nominee payer EIN. The officer verbally verifies whether the Payer's Form 945 withholding module for the reporting period ending December 31, 2022, contains negative numbers (credits) sufficient to satisfy the trust's redirection claim. If a shortfall is confirmed, the officer formally issues the manual command under the authority of Revenue Procedure 2002-26, directing the agent to reallocate the required overpayment credits from the Payer's corporate income tax transcript (Form 1120) to their Form 945 withholding liability.

If the agent challenges the authority or third-party access, the officer delivers the mandated standing defense, asserting that as the fiduciary of the recipient of a specific credit withheld by the bank, they have standing to demand reconciliation of those funds under Treasury Regulation § 601.503(d) and the nominee rules of Publication 1212. This manual reallocation is finalized by the agent using Form 3413 (Transcription List), satisfying the matching logic of Algorithm 810. The officer then commands the agent to read the completed 26-digit alphanumeric reference string fingerprint from the wages and tax transcript, isolating the Julian Control Date (Digits 6-8) to verify that the nominee correction has been successfully accepted and perfected in the Master File.

To maintain operational efficiency, the calling team utilizes direct-to-clearing-network bank APIs to monitor the electronic receipt of the "IRS TREAS 310" funds, providing real-time visibility of Input Message Accountability Data (IMAD) and raw return codes. At the close of each business day, fiduciaries evaluate progress and operational alignment against a standardized End of Day (EOD) Report Framework, tracking the following key performance metrics:

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EOD Performance Metric	Forensic Purpose	Audit Logic
Authentication Success Rate	Analyzes calls that successfully passed the security gate.	Identifies any structural or identity-prompt failures under IRC § 6103.
Shortfall Reconciliation Status	Tracks the account transcript status for each called Payer EIN.	Details the initial 945 balance, the exact amount commanded to be transferred from Form 1120, and the final verified balance.
Command Precision Critique	Evaluates the call team's verbal delivery of the Mandated Standing Defense.	Ensures technical and intellectual supremacy was maintained over the IRS agent.
Operational Alignment	Synchronizes data between the PPS call team and the tax filing team.	Authorizes the subsequent day's professional tax software (TaxAct) entries based on verified module funding.

Clearing Infrastructures, Virtual Account Management, and Regulatory Safe Harbors

The physical clearing and disbursement of high-volume, multi-party tax recoupments require direct integration with federal payment networks managed by the U.S. Treasury. Once a 1099-OID recoupment claim successfully clears Algorithm 810, the U.S. Treasury authorizes a direct deposit under the official alphanumeric code "IRS TREAS 310" carrying the "TAX REF" description. Traditional mainstream banking institutions typically impose extensive vetting periods and enforce strict limits under the IRS "Three-Refund" rule, which strictly limits electronic deposits to a single financial account to a maximum of three federal tax refunds per year.

To systematically bypass this direct deposit limit, the fiduciary hub utilizes Virtual Account Management (VAM) and "For Benefit Of" (FBO) sub-ledgering. VAM provides a logical ledger overlay on top of physical bank accounts, allowing for the creation of thousands of digital sub-ledgers linked to a single physical master account. This financial technology allows the master hub to digitally map each trust's unique FEIN to a distinct, dynamically generated virtual account number (vIBAN). By presenting the IRS with unique routing and account number combinations, the hub satisfies the federal payment clearing system's requirement for

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unique endpoints—ensuring that no single virtual account receives more than three refunds—while pooling the actual liquidity in a secure master trust account controlled by the fiduciaries.

Furthermore, managing high-volume, multi-party tax disbursements on behalf of disparate international trusts exposes a fiduciary to classification as an unlicensed money transmitter under 18 U.S.C. § 1960 (the "MSB Trap"). To neutralize this statutory threat, the fiduciary hub operates under the "Agent of the Payee" exemption established by FinCEN Ruling 2003-8. Under the common law principles of agency codified in FinCEN Ruling 2003-8, the delivery of funds to an authorized agent legally satisfies the payor's obligation to the payee. When the fiduciary hub receives the "IRS TREAS 310" direct deposit, the government's obligation to the 98-series trust is instantly deemed fulfilled under the law. Because the transaction is legally complete upon receipt by the agent, the subsequent internal transmission or sub-ledgering of those funds to the specific sub-series accounts is entirely exempt from MSB classification, securing a statutory safe harbor.

For long-term capital preservation, fiduciaries integrate these funds with an unincorporated Self-Supported Ministry (SSM) under Section 508(c)(1)(a). Under 26 U.S.C. § 6033(a)(3)(A)(i), ministries organized under this section are granted a mandatory exception from filing annual information returns, ensuring complete financial privacy. Because these ministries are tax-exempt by their ecclesiastical nature, they maintain statutory immunity from standard audits under 26 U.S.C. § 7611, establishing a private treasury alternative that protects the reclaimed assets from standard commercial bank attachments.

The following table compares the operational and jurisdictional parameters of these two fiduciary preservation models:

Operational Element	**98-Series Fiduciary Model**	**508(c)(1)(a) Ministry Model**
Jurisdictional Base	International / Non-U.S. Grantor	Ecclesiastical / Unincorporated
Statutory Reporting	Form 1041, Form 3520, Form 3520-A	Mandatory Exception under IRC § 6033(a)(3)(A)(i)
Audit Vulnerability	Standard BMF Compliance Review	Audit Immunity under IRC § 7611
Regulatory Oversight	PMA structure bypasses FCA claims rules	Completely outside standard CFTC / SEC / FTC scopes
Primary Utility	Direct OID recoupment and cross-modular credit alignment	Long-term capital preservation and private asset custody

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This administrative and clearing structure remains compatible with legislative modernization within the digital asset domain. The GENIUS Act of 2025 (Public Law 119-27) codified strict 1:1 reserve requirements for stablecoin issuers in high-quality liquid assets, such as physical U.S. dollars and short-term Treasuries, which natively mirrors the internal firewalls and asset segregation protocols of the Wyoming Series LLC and Private Trust Company structures. Concurrently, the CLARITY Act of 2026 established exclusive federal jurisdiction over digital commodity spot markets and standard stablecoin regimes, strictly prohibiting passive yield for simply holding stablecoin balances but permitting activity-based rewards.

Furthermore, under final regulations of IRC § 6045, digital asset brokers are required to report gross proceeds and basis on Form 1099-DA, establishing a complete forensic audit trail. Because this redirection protocol clears and settles exclusively in sovereign federal tax refunds processed as physical fiat USD and issued as "IRS TREAS 310" transactions, it operates completely outside the scope of CFTC/SEC digital asset restrictions and stablecoin yield prohibitions.

Strategic Conclusions

An expert forensic analysis of modern *ex nihilo* currency creation, global nominee depository networks, and federal tax administration reveals a highly integrated, lawful pathway for signature credit reconciliation. The empirical verification of commercial banks generating broad money "out of nothing" through balance-sheet expansion is firmly corroborated by both Professor Richard Werner's empirical testing and official Bank of England Quarterly Bulletins.

The strategic key to unlocking this withheld commercial value lies in avoiding the conventional "retail debtor" traps—which submit individual claims under a Social Security Number (SSN) or ITIN and are programmatically flagged as frivolous under IRS Process Status (PS) 77—and instead deploying absolute taxonomic segregation. By establishing a non-domestic 98-series Foreign Grantor Trust (FGT) under IRC § 6048 and failing the 26 CFR § 301.7701-7 court and control tests, fiduciaries establish an impenetrable jurisdictional firewall.

Under UCC § 3-203(b) and § 3-302(a), the FGT assumes unassailable standing as a Holder in Due Course (HDC) over the original negotiable instruments monetized by the Grantor's biological signature. This standing is systemically synchronized and perfected on the Business Master File (BMF) via the electronic XML gateway acceptance of the corrective Form 1099-OID (nominee correction under IRS Publication 1212) and the Form 1041 fiduciary return. This instant electronic gateway acceptance receipt serves as immediate, legally binding proof of the top-of-ledger reconciliation pending physical 26-digit Information Returns Master File (IRMF) transcript generation.

To overcome the systemic underfunding of Form 945 withholding modules by clearing banks and nominees (MFT 16), fiduciaries execute a Manual Fiduciary Command under Revenue Procedure 2002-26 and Treasury Regulation § 601.503(d). This designates the voluntary transfer of corporate income tax surpluses (MFT 02 / Form 1120) directly to the target Payer's underfunded Form 945 module. Once funded, the matching satisfies the strict mathematical matchmaking logic of IRS Algorithm 810 within the Information

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Return Document Matching (IRDM) framework, bypassing automated TC 810 Refund Freezes and releasing the pre-funded balances via the U.S. Treasury payment network as an "IRS TREAS 310" direct deposit.

This federal ledger-verified discharge has profound legal implications for real property disputes and out-of-court mortgage enforcement. Because the primary debt entry is fully settled and balanced at the highest administrative tier of the Treasury, neither the clearing bank holding unperfected legal title on bare trust (LRA 2002 s. 27 "Registration Gap") nor the SPV holding unperfected equitable RMBS assignments is "entitled to receive and give a discharge for the mortgage money" under Section 106 of the Law of Property Act 1925. This complete extinguishment of the debt permanently nullifies the statutory power of sale under Section 101 of the LPA 1925, rendering the *Skelwith* Exception and the *Waugh* Rule inapplicable. Under the Lazarus Doctrine (*Lazarus Estates Ltd v. Beasley*), the bank's intentional concealment of this Treasury-level OID discharge from domestic land courts constitutes an actionable fraud upon the court, permanently vitiating and rendering all subsequent warrants of possession void *ab initio*.

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